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APPLICATION OF NI PACOLET §
MILLIKEN UTILITIES, LLC TO §
PURCHASE AND TRANSFER THE §
STOCK OF NI AMERICA TEXAS, LLC §

PUBLIC UTILITY COMMISSION

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JOINT PROPOSED NOTICE OF APPROVAL

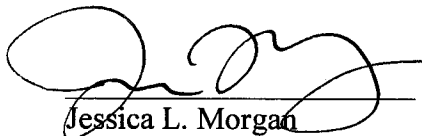
Commission Staff of the Public Utility Commission of Texas and Ni America Texas, LLC
file their Proposed Notice of Approval.

Dated: October 9, 2015

Respectfully Submitted,

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Division Director
Legal Division

Karen S. Hubbard
Managing Attorney
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Jessica L. Morgan
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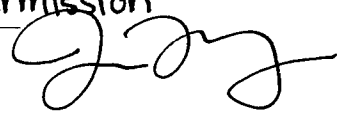
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- and -

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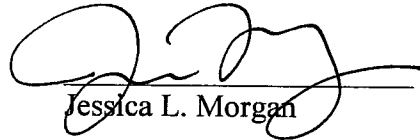


Attorney for Ni America Texas, LLC

DOCKET NO. 44656

CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on this October 9, 2015, in accordance with 16 TAC § 22.74.



Jessica L. Morgan

DOCKET NO. 44656

APPLICATION OF NI PACOLET	§	PUBLIC UTILITY COMMISSION
MILLIKEN UTILITIES, LLC TO	§	
PURCHASE AND TRANSFER THE	§	OF TEXAS
STOCK OF NI AMERICA TEXAS,	§	
LLC		

NOTICE OF APPROVAL

This Notice of Approval addresses the application filed by Ni America Texas, LLC (Ni America) and Ni Pacolet Milliken Utilities, LLC (Ni Pacolet) (collectively, Applicants) to purchase and transfer the voting stock of Ni America's utility to Ni Pacolet. On October 2, 2015, the Staff (Staff) of the Public Utility Commission of Texas (Commission) recommended that the Commission approve Ni America and Ni Pacolet's application and approve the requested purchase and transfer of voting stock. Ni America and Ni Pacolet's application and requested purchase and transfer of voting stock are approved.

The Commission adopts the following findings of fact and conclusions of law:

I. Fact Findings

Procedural History, Description, and Background

1. On April 17, 2015, Applicants filed an application for the sale, transfer, or merger (STM) of water certificate of convenience and necessity (CCN) No. 11922 with the Commission pursuant to Tex. Water Code § 13.301 (TWC) and Tex. Admin. Code §§ 24.106, 24.109, and 24.112 (TAC). The CCN No. 11922 service area is located in Johnson and Wise Counties, Texas.
2. On April 24, 2015, the Administrative Law Judge (ALJ) entered Order No. 1, which required Staff to file a recommendation regarding administrative completeness of the Application, whether additional notice may be required, and a proposed schedule for processing by May 15, 2015.
3. On April 28, 2015, Applicants filed a supplement to the application with the original signed STM application pages 7 and 19 received from purchaser Ni Pacolet.
4. On May 14, 2015, Applicants filed a motion to have the application considered as an application for approval of the purchase and transfer of voting stock in another utility pursuant to Tex. Water Code § 13.302 and 16 TAC § 24.111.

5. On May 15, 2015, Staff filed its response to Order No. 1 in which it identified certain deficiencies and recommended that the application be found not administratively complete until Applicants provided additional information.
6. On May 19, 2015, the ALJ entered Order No. 2, which required Applicants to amend the application to cure the deficiencies described by Staff. Order No. 2 also granted Applicants' motion to reclassify the transaction as an application for the purchase and transfer of voting stock and restyled the docket as such.
7. On June 1, 2015, Applicants filed an amendment to the application with the Commission in order to address all deficiencies identified in Staff's response to Order No. 1.
8. On June 29, 2015, Staff filed its response to Order No. 2 stating that the application remained deficient and requested historical financial statements for Ni America and Ni Pacolet, and information to demonstrate how Ni Pacolet will be able to pay the cost of acquisition plus provide sufficient financial backing to operate the utility.
9. On June 30, 2015, the ALJ entered Order No. 3, requiring Applicants to cure the deficiencies identified by Staff.
10. On July 22, 2015, Applicants confidentially filed PME and Subsidiaries consolidated financial statements for years ended December 31, 2013, and 2014. Applicants also confidentially filed a letter from independent auditor of PME regarding Ni Pacolet financials.
11. On July 24, 2015, Applicants filed a supplement to the application with the Commission in order to address the deficiencies identified in Staff's response to Order No. 2.
12. Also on July 24, 2015, Applicants confidentially filed Ni America's consolidated balance sheet and consolidated income statement and statement of cash flows for the year 2014 and as of May 31, 2015.
13. On July 30, 2015, Applicants filed an additional supplement to the application with the Commission to further address the deficiencies identified by Staff.
14. On August 6, 2015, Applicants confidentially filed Exhibits A, E, and F to Equity Purchase Agreement between PME and Ni America Capital Management, LLC.
15. On August 27, 2015, Staff filed its response to Order No. 3 recommending that the application be found administratively complete.
16. On September 2, 2015, the ALJ entered Order No. 4, which deemed the application

administratively complete.

17. On October 2, 2015, Staff filed its Recommendation on Final Disposition. Staff recommended that the Commission approve the application and approve the requested purchase and transfer of voting stock from Ni America to Ni Pacolet.
18. On October 9, 2015, Staff and Applicants filed their Proposed Notice of Approval.

Evidentiary Record

19. On October 9, 2015, Staff and Applicants filed their Joint Motion to Admit Evidence. Staff and Applicants requested that certain evidence be admitted into the record in support of their Proposed Notice of Approval.
20. On _____, the Commission granted Staff and Applicants' Joint Motion to Admit Evidence. The following evidence was admitted into the record:
 - a. Exhibit 1: Application of Ni America and Ni Pacolet for Sale, Transfer, or Merger of a Retail Public Utility and accompanying Attachments 1, 2, 3, 4, 5, 6, 7, 8, 9, and 10 (filed on April 17, 2015);
 - b. Exhibit 2: Supplement to Ni America and Ni Pacolet's Sale, Transfer, or Merger Application with Original Signed Application Pages 7 and 19 (filed on April 28, 2015);
 - c. Exhibit 3: Ni America and Ni Pacolet's Motion to Have Application Considered as Purchase and Transfer of Voting Stock in Another Utility (filed on May 14, 2015);
 - d. Exhibit 4: Ni America and Ni Pacolet's Amendment to Stock Transfer Application Pursuant to Order No. 2 and accompanying Exhibits A, B, and C (filed on June 1, 2015);
 - e. Exhibit 5: **CONFIDENTIAL** PME and Subsidiaries consolidated financial statements for years ended December 31, 2013 and 2014 and letter from independent auditor of PME regarding Ni Pacolet financials (filed confidentially on July 22, 2015).
 - f. Exhibit 6: Ni America and Ni Pacolet's Supplement to Stock Transfer Application Pursuant to Order No. 3 (filed on July 24, 2015).

- g. Exhibit 7: **CONFIDENTIAL** Ni America's consolidated balance sheet and consolidated income statement and statement of cash flows for the year 2014 and as of May 31, 2015. (filed confidentially on July 24, 2015).
- h. Exhibit 8: Ni America and Ni Pacolet's Additional Supplement to Stock Transfer Application Pursuant to Order No. 3 and accompanying Exhibit A (filed on July 30, 2015).
- i. Exhibit 9: **CONFIDENTIAL** Exhibits A, E, and F to Equity Purchase Agreement between PME and Ni America Capital Management, LLC (filed confidentially on August 6, 2015).
- j. Exhibit 10: Staff's recommendation on final disposition (filed on October 2, 2015).

Informal Disposition

- 21. No hearing requests have been filed. No issues of fact or law are disputed by any party; therefore no hearing is necessary.

II. Legal Conclusions

- 1. The Commission has jurisdiction over Ni America's application under Tex. Water Code §§ 13.041 and 13.302 and 16 TAC § 24.111.
- 2. Ni America is a retail public utility, as defined by Tex. Water Code § 13.002(19) and 16 TAC § 24.3(58).
- 3. Ni America and Ni Pacolet's application was processed in accordance with the requirements of the Administrative Procedures Act, Tex. Gov't Code §§ 2001.001-2001.902; Tex. Water Code § 13.302; and 16 TAC § 24.111.
- 4. The requirements for informal disposition under 16 TAC § 22.35 have been met in this proceeding. It is not necessary to hold a hearing on the merits regarding Ni America and Ni Pacolet's application.
- 5. Based on the evidence admitted into the record, Ni Pacolet has demonstrated that it has adequate financial, managerial, and technical capability to provide continuous and adequate service to customers in the service area located in Johnson and Wise Counties. Additionally, Ni America and Ni Pacolet have demonstrated that their application meets the requirements in Tex. Water Code § 13.302 and 16 TAC § 24.111.

III. Ordering Paragraphs

The Commission issues the following ordering paragraphs in accordance with these findings of fact and conclusions of law:

1. Ni America and Ni Pacolet's application is approved.
2. The voting stock of Ni America will be purchased by and transferred to Ni Pacolet.
3. All other motions, requests for entry of specific findings of fact or conclusions of law, and any other requests for general or specific relief, if not expressly granted in this Notice of Approval, are denied.

SIGNED AT AUSTIN, TEXAS on the _____ day of October, 2015.

PUBLIC UTILITY COMMISSION OF TEXAS

**STEPHANIE FRAZZELL
ADMINISTRATIVE LAW JUDGE**